

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON FISHERIES**

April 29, 2021
10:07 a.m.

MEMBERS PRESENT

Representative Geran Tarr, Chair
Representative Louise Stutes, Vice Chair
Representative Jonathan Kreiss-Tomkins
Representative Andi Story
Representative Sarah Vance
Representative Kevin McCabe

MEMBERS ABSENT

Representative Dan Ortiz

COMMITTEE CALENDAR

HOUSE BILL NO. 52

"An Act providing that operation of the Tutka Bay Lagoon Hatchery in Kachemak Bay is compatible with the functions of Kachemak Bay State Park; and providing for an effective date."

- HEARD & HELD

PRESENTATION(S): Update on Commercial Fishing Industry in Alaska & Impact of COVID-19 to the Industry

- HEARD

HOUSE BILL NO. 182

"An Act extending the fishery resource landing tax credit for certain taxpayers that harvest fishery resources under the provisions of a community development quota; providing for an effective date by amending the effective date of secs. 16 and 23, ch. 61, SLA 2014; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 52

SHORT TITLE: TUTKA BAY HATCHERY

SPONSOR(S): REPRESENTATIVE(S) VANCE

02/18/21 (H) PREFILE RELEASED 1/8/21
02/18/21 (H) READ THE FIRST TIME - REFERRALS
02/18/21 (H) FSH, RES
04/29/21 (H) FSH AT 10:00 AM GRUENBERG 120

WITNESS REGISTER

JAKE ALMEIDA, Staff
Representative Sara Vance
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Vance, prime sponsor of HB 52, presented the proposed committee substitute, Version I, for the bill.

MATT WEDEKING, Operations Manager
Division of Parks and Outdoor Recreation
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: During the hearing of HB 52, answered questions.

SAM RABUNG, Director
Division of Commercial Fisheries
Alaska Department of Fish and Game (ADF&G)
Juneau, Alaska

POSITION STATEMENT: During the hearing of HB 52, provided invited testimony and answered questions.

DEAN DAY, Executive Director
Cook Inlet Aquaculture Association (CIAA)
Kenai, Alaska

POSITION STATEMENT: Provided invited testimony in support of HB 52.

KRIS HESS, Deputy Director
Division of Mining, Land and Water (DMLW)
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: During the hearing of HB 52, provided comment and answered questions.

BRENT JOHNSON
Clam Gulch, Alaska

POSITION STATEMENT: Testified in support of HB 52.

ROD VAN SAUN

Ninilchik, Alaska

POSITION STATEMENT: Testified in support of HB 52.

CRISTEN SAN ROMAN

Homer, Alaska

POSITION STATEMENT: Testified in opposition to HB 52.

CHRIS PERRY

Homer, Alaska

POSITION STATEMENT: Testified in support of HB 52.

SUE CHRISTIANSEN

Homer, Alaska

POSITION STATEMENT: Testified in opposition to HB 52.

LEONARD FABICH

Homer, Alaska

POSITION STATEMENT: Testified in support of HB 52.

CHELSEA HAINSMAN, Executive Director

Cordova District Fishermen United (CDFU)

Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 52.

ALAN PARKS

Homer, Alaska

POSITION STATEMENT: Expressed his concerns related to HB 52 and the Tutka Bay Lagoon Hatchery.

ROBERT ARCHIBALD

Homer, Alaska

POSITION STATEMENT: Requested that HB 52 not be moved out of committee until the public has had time to better understand it.

PENELOPE HAAS

Kachemak Bay Conservation Society

Homer, Alaska

POSITION STATEMENT: Testified in opposition to HB 52.

TIM ANDERSON

Homer, Alaska

POSITION STATEMENT: Testified in support of HB 52.

FRANCES LEACH, Executive Director

United Fishermen of Alaska (UFA)

Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation titled "Update on Commercial Fishing Industry in Alaska & Impact of COVID-19 to the Industry," dated 4/29/21.

ACTION NARRATIVE

[10:07:19 AM](#)

CHAIR GERAN TARR called the House Special Committee on Fisheries meeting to order at 10:07 a.m. Representatives Stutes, McCabe, Vance, Story, Kreiss-Tomkins, and Tarr were present at the call to order.

HB 52-TUTKA BAY HATCHERY

[10:09:16 AM](#)

CHAIR TARR announced that the first order of business would be HOUSE BILL NO. 52, "An Act providing that operation of the Tutka Bay Lagoon Hatchery in Kachemak Bay is compatible with the functions of Kachemak Bay State Park; and providing for an effective date."

[10:09:47 AM](#)

REPRESENTATIVE STUTES moved to adopt the proposed committee substitute (CS) for HB 52, Version 32-LS0327\I, Bullard, 4/29/21 ("Version I"), as the working document.

[10:10:04 AM](#)

CHAIR TARR objected for purposes of discussion.

[10:10:07 AM](#)

REPRESENTATIVE VANCE, as the prime sponsor, introduced HB 52. She noted that while the Tutka Bay Lagoon Hatchery is in the district of Representative Stutes, the hatchery directly affects her own district. She explained that last fall the Division of Parks and Outdoor Recreation ("State Parks") came out with a management plan that said the Tutka Bay Lagoon Hatchery was incompatible with [Kachemak Bay State Park]. It is a land allocation issue, a legal issue. The original bill simply stated that the hatchery would be compatible with the park; it was temporary holding language to work with the Department of Natural Resources (DNR), Alaska Department of Fish and Game (ADF&G), and State Parks to find the best way to save the

hatchery. The proposed CS, Version I, is the language that has been received to do a land exchange. The bill seeks to save Tutka Bay Lagoon Hatchery while respecting Kachemak Bay State Park. Slides and maps have been provided to the committee to show the land that DNR has found to make an exchange of equal value and to keep the hatchery within DNR. She deferred to Mr. Jake Almeida to present the technical changes made by the proposed CS.

[10:12:49 AM](#)

JAKE ALMEIDA, Staff, Representative Sara Vance, Alaska State Legislature, on behalf of Representative Vance, prime sponsor of HB 52, presented the proposed committee substitute, Version I, for the bill. He said the original version of the bill sought to make Tutka Bay Lagoon Hatchery a compatible use within Kachemak Bay State Park. He explained that the rules for general state land within DNR's purview and state park land are much different. More can be done on general state land, such as selling or trading, while state park land has protections.

MR. ALMEIDA stated that Version I is simply five pages of the coordinate changes. Version I would move the hatchery and lagoon land into general state land that would still be under DNR's purview, and an interagency land management agreement (ILMA) would then be done with ADF&G to allow ADF&G to legally oversee the hatchery even though it is on DNR land. In return to make up for the value of the lost land within the state park, DNR would receive parcels A, B, and C, the general state land depicted in yellow on the map, to be incorporated into Kachemak Bay State Park. Parcels B and C are on the bay overlooking the water. As state park land, Parcel A will become eligible to have the road completed if funding is received, which the Kachemak Bay Citizens Advisory Commission has been asking for.

[10:15:24 AM](#)

REPRESENTATIVE KREISS-TOMKINS requested Mr. Almeida to clarify what part of Kachemak Bay is being illustrated in the map.

MR. ALMEIDA replied that in the committee packet the coordinates are shown for the hatchery and the lagoon that would be moved to general state land. What would be changed are the parcels highlighted in yellow, which would become state park land.

REPRESENTATIVE KREISS-TOMKINS presumed slide 2 is a different part of the general Kachemak Bay state area. He asked what part of Kachemak Bay is depicted by slide 2.

MR. ALMEIDA deferred to Mr. Matt Wedeking of DNR to answer the question.

REPRESENTATIVE KREISS-TOMKINS added that while he sees Eastland Creek he doesn't know where the creek is within Kachemak Bay and would like to know generally what is being talked about.

10:17:02 AM

MATT WEDEKING, Operations Manager, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR), responded that parcels A, B, and C are located on the Homer side of the bay a couple miles up from the city of Homer going along East End Road.

REPRESENTATIVE KREISS-TOMKINS offered his understanding that Parcel A is presently not state park land and under Version I would become state park land.

MR. WEDEKING nodded in the affirmative.

REPRESENTATIVE KREISS-TOMKINS offered his understanding that when something is made into state park land it becomes harder to build a road rather than easier. He recalled the statement that this proposed exchange would make completion of the road segment easier and requested more details in this regard.

MR. WEDEKING replied that a road already exists through Parcel A and this proposal would facilitate future access to the section shown in blue, the Cottonwood Eastland section of the park.

10:18:58 AM

REPRESENTATIVE STUTES inquired about the name of the main road that goes through Parcel A.

MR. WEDEKING answered it is East End Road.

10:19:29 AM

CHAIR TARR offered her understanding that currently all of this is state land. Parcels A, B, and C are general state land under

DNR management that would then become park land, so no private land transfers would be involved.

MR. WEDEKING replied that parcels B and C are currently managed by State Parks through interagency land management agreements; the bill would make them legislatively designated areas. Parcel A is not currently managed by State Parks; the bill would make it a legislatively designated area. He confirmed that none of these areas contain private land.

CHAIR TARR offered her belief that a legislated designation is a stronger designation for those park lands.

[10:20:32 AM](#)

REPRESENTATIVE KREISS-TOMKINS inquired whether the land exchange is one acre for one acre.

MR. WEDEKING responded that the hatchery is about 123 acres and parcels A, B, and C are 266 acres, so it is two to one.

REPRESENTATIVE KREISS-TOMKINS asked how it is that the Tutka Bay Lagoon Hatchery has existed and operated for decades, and now suddenly there is a finding of incompatibility for it to be within state park boundaries.

REPRESENTATIVE VANCE deferred to Mr. Sam Rabung to answer the question.

[10:22:02 AM](#)

SAM RABUNG, Director, Division of Commercial Fisheries, Alaska Department of Fish and Game (ADF&G), testified that ADF&G's mission statement says the department is to protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and the well-being of the people of the state consistent with the sustained yield principle.

MR. RABUNG stated that Alaska Statute (AS) 16.05.092 says, in part, that the department shall encourage the investment by private enterprise in the technological development and economic utilization of the fisheries resources, and through rehabilitation, enhancement, and development programs do all things necessary to ensure perpetual and increasing production and use of the food resources of the state waters and continental shelf areas. The work described in statute was

under the purview of the Fisheries Rehabilitation, Enhancement, and Development (FRED) Division of ADF&G until about 1994 when it was merged with the Division of Commercial Fisheries.

MR. RABUNG explained that with the FRED Division gone ADF&G no longer conducts fishery restoration, rehabilitation, or enhancement other than the Division of Sport Fish's hatcheries and stocking program. The Division of Commercial Fisheries still operates the pathology, gene conservation, and mark, tag, and age labs, and has contracted out the operation of the FRED Division salmon hatcheries to private nonprofit aquaculture associations that operate them at their own expense as a service to common property users. Permitting and oversight is provided through the statewide Aquaculture Planning and Permitting Section in ADF&G headquarters. This section is responsible for the salmon hatchery program, the aquatic farming program, and permitting for research and recreational projects statewide.

MR. RABUNG specified that ADF&G's Tutka Bay Lagoon Hatchery is located within Kachemak Bay State Park across Kachemak Bay from Homer. The State of Alaska constructed the hatchery in 1976 using bond funds, and the FRED Division operated the hatchery to enhance pink and chum runs in Tutka Creek. In 1988 AS 16.10.480 was passed by the legislature, authorizing ADF&G to contract out the operation of its hatcheries. In 1991 ADF&G contracted with the Cook Inlet Aquaculture Association (CIAA) to operate the hatchery. The state retains ownership of its facilities when operations are contracted out and the land use agreements are held by ADF&G. Cook Inlet Aquaculture Association obtained the necessary private nonprofit hatchery permit for Tutka Bay Lagoon Hatchery following the prescribed public process. Operation of the hatchery was evaluated for consistency with statewide policies and prescribed management practices by the department in 2012, and pink, chum, and sockeye salmon have been produced at the hatchery. The original permit allowed a maximum incubation capacity of 125 million pink and chum salmon eggs. The permit was altered in 1994 to allow incubation of 660,000 sockeye salmon eggs for release into Tutka Bay Lagoon, which provides the brood stock for the Lower Cook Inlet Lakes sockeye salmon stocking program, part of which creates the popular China Poot personal use fishery.

MR. RABUNG said it came to [ADF&G's] attention that the Tutka Bay Lagoon Hatchery operations may be considered incompatible with Kachemak Bay State Park when the plan was updated recently, which is updated about every 10 years. Through discussions with DNR, it appears this stems from recent court interpretations

that broadened the definition of disposal of state lands. So, given the operation of the hatchery on the park lands somewhat excludes or precludes any other use, that may be considered a disposal of state lands and it was done in a manner inconsistent with recent interpretations. Version I of HB 52 addresses the compatibility concern in a manner consistent with other parks guidance, such as AS 41.21.302 Management of Marine Parks, as well as the improper disposal of state land concerned.

[10:27:01 AM](#)

CHAIR TARR summarized that everything was working fine until this recent court decision expanded the definition of land disposal. So, having this hatchery in an otherwise public use area made it seem exclusive to that use and it became the incompatibility factor.

MR. RABUNG replied that that is his understanding of it. He said there were three or four court cases that addressed this.

[10:28:01 AM](#)

REPRESENTATIVE KREISS-TOMKINS recalled that one of the court cases was the litigation over the Stand for Salmon ballot initiative in which the [Alaska] Supreme Court found that the ballot initiative constituted a taking or appropriation or designation of lands. He asked whether that was one of the legal variables in play.

MR. RABUNG deferred to Mr. Wedeking to answer the question.

MR. WEDEKING read the list of court cases: Northern Alaska Environmental Center [and Sierra Club] v. State of Alaska, Department of Natural Resources in 2000; Save Our Parks, Inc. [SOP, Inc.] v. State Department of Natural Resources [Division of Parks and Outdoor Recreation] in 2013; Nunamta [Aulukestail] v. State of Alaska, Alaska Department of Natural Resources in 2015; and Southeast Alaska Conservation Council v. State of Alaska, Department of Natural Resources in 2020. He said he would provide the list to the committee after the hearing.

[10:29:55 AM](#)

REPRESENTATIVE MCCABE inquired whether Parcel A, which includes East End Road, would give the park the opportunity to build a road or trail into the park to provide better access instead of boating in.

MR. WEDEKING confirmed this to be correct and said future development would provide connection. He noted that a trail system exists in that area.

[10:30:50 AM](#)

REPRESENTATIVE MCCABE noted that there are oyster and seaweed farms in Jakolof Bay. He asked whether the water is being checked to ensure that the hatchery and growth of aquaculture farms are compatible and not creating issues for the natural stock in that water.

MR. RABUNG responded that the hatchery in Tutka Bay Lagoon has been operating since 1976, so ADF&G doesn't see a problem with that. He noted that Jakolof Bay is just outside the park and said aquatic farming is somewhat self-limiting. The oysters themselves are considered the canary in the coal mine - too many oysters in a concentrated area will eat the food and won't grow. A very productive bay, Jakolof provides a tremendous number of oysters for sale primarily locally in the Homer area. Because the surface area of Jakolof Bay is about maxed out for being able to provide access to uplands for common property users for the public, significant growth in Jakolof Bay isn't anticipated.

REPRESENTATIVE MCCABE remarked that that is a great answer. He said he is a huge fan of hatcheries and isn't sure why a hatchery can't be compatible with a state park and a state park plan if there is an ability for Alaskans to take a tour of a hatchery that provides for food sustainability. He said he thinks all this kerfuffle is unnecessary.

[10:34:05 AM](#)

CHAIR TARR noted that Mr. Sam Rabung and Mr. Dean Day are providing invited testimony. She turned to Mr. Day to begin his testimony.

[10:34:40 AM](#)

DEAN DAY, Executive Director, Cook Inlet Aquaculture Association (CIAA), provided invited testimony in support of HB 52. He said CIAA is a nonprofit corporation founded in 1976 to provide and protect the salmon resource in Area H. He explained that Tutka Bay Lagoon Hatchery is a state-owned facility that was operated by ADF&G from 1976-1991, and in 1991 CIAA assumed operation of the hatchery through an operating agreement with ADF&G. In

addition to the operating agreement, a letter of intent was created that says the Tutka hatchery provides an important public service through the production of salmon for commercial and sport fisheries in the Lower Cook Inlet Area. The letter of intent further says that as presently managed and with appropriate and reasonable controls to protect the values of Kachemak Bay State Park, the Tutka hatchery is compatible with the purposes of the 1989 Kachemak Bay State Park management plan. The park's 1995 wilderness management plan explicitly identifies fishery enhancement as a goal for the park and repeatedly characterizes fishing as an important recreation and commercial activity in the park in general and Tutka Bay in particular. The Tutka Bay Lagoon Hatchery and its virtues as an attraction for visitors are specifically referenced.

MR. DAY related that after decades of CIAA operating the Tutka Bay Lagoon Hatchery on behalf of ADF&G, and under multiple park management plans supporting hatchery operations, DNR's Division of Parks and Outdoor Recreation has determined that the hatchery is likely no longer compatible with the plan and seeks to close the hatchery at the end of the contract term in 2031. He said the closing of Tutka Bay Lagoon Hatchery would affect CIAA's ability to provide funding for its other operations, which includes enhancement projects for personal use sockeye dipnet fisheries in the park and in China Poot, sport fisheries in Cook Inlet Resurrection Bay, and habitat and invasive species work throughout the region. These projects would be at risk of closure or be severely reduced. Closure of the hatchery would impact local economies through loss of jobs; loss of commercial fishing revenue; loss of income to a variety of recreational, commercial, and personal use fishery support businesses; and loss of municipal tax revenues. The commercial fishing and seafood processing industry in Cook Inlet would directly suffer a significant revenue loss if the Tutka Bay Lagoon Hatchery was eliminated. The Cook Inlet Aquaculture Association has invested millions of dollars in improving hatchery operations, including the Tutka Bay Lagoon Hatchery. Multiple projects are undertaken as a part of CIAA's mission, these apply throughout the Cook Inlet region, Resurrection Bay, and the outer district. A closure of any one facility would impact all facilities and projects in the Cook Inlet region.

[10:39:32 AM](#)

REPRESENTATIVE MCCABE asked if the hatchery has any effluent, eyesore, or impact that creates a negative experience for park

visitors, or something else that makes it no longer compatible with the park.

MR. DAY replied that he was the Tutka hatchery manager for several years and performed many tours during that time. He said he can't speak specifically to any eyesores, but that some people cannot support the overall mission of the hatchery.

REPRESENTATIVE MCCABE remarked that this is part of Alaska, and he is struggling to understand why the need to go through this. He said the Tutka Bay Lagoon Hatchery is an interesting and vital part of the communities and the park could have a ranger give the tours instead of CIAA.

[10:41:52 AM](#)

CHAIR TARR surmised it may have been a different situation back when the state was managing the hatchery through the FRED Division. She further surmised that with the recent evaluations the incompatibility is that a common property resource on state lands via the park is being managed by a private organization, so if the state took over management there probably wouldn't be an issue. However, she continued, the state isn't using that model these days.

MR. RABUNG responded that it is irrelevant who is operating the facility. Rather, the presence of that facility on state park lands precludes other park uses and a prescribed public process was not done to dispose of that land for that use.

[10:43:28 AM](#)

MR. RABUNG addressed Representative McCabe's question regarding effluent. He explained that hatcheries are required to have discharge permits issued by the Department of Environmental Conservation (DEC) and to meet water quality standards. That includes the process water, the domestic water from the people living onsite, net pens, and carcasses. Previously these were issued by the [federal] Environmental Protection Agency (EPA), but now it is DEC. When salmon come back and die something must be done with the carcasses. A complaint heard from the public about the Tutka and other hatcheries, and even about wild streams, is that ADF&G should do something about the smell from the decomposing carcasses.

[10:44:42 AM](#)

REPRESENTATIVE KREISS-TOMKINS inquired whether the new case law has similarly caught up other facilities in other Alaska state parks and land swaps need to be done.

MR. WEDEKING answered that the division is looking at all areas and everything in all state parks to see if there are issues like this. This one popped up when the division happened to be doing the management plan at the time. He stressed that this is not a compatibility issue but rather a land disposal issue with park land that is trying to be solved. Because there are probably others, the division is working to identify them.

REPRESENTATIVE KREISS-TOMKINS said it is important the committee know what those others are so they can be fixed. He asked when the process started and when it will be concluded.

MR. WEDEKING replied that identifying these began after the SOP case. He said he will get back to the committee with an answer.

REPRESENTATIVE KREISS-TOMKINS inquired whether that was the Save Our Parks case from 2013.

MR. WEDEKING responded, "Yes."

[10:46:41 AM](#)

REPRESENTATIVE KREISS-TOMKINS noted 2013 to 2021 is eight years and presumed it doesn't take eight years to do the review. He requested Mr. Wedeking to reconcile that gap in time.

MR. WEDEKING answered that he can't because he has only been in this job for about five years, but said they are addressed as they come up.

REPRESENTATIVE KREISS-TOMKINS asked whether over the last five to eight years State Parks has affirmatively identified in other state park units any other activities, facilities, or structures that are known right now to not be "sympatico" with state park legislative designation.

MR. WEDEKING replied that he would say yes. He explained that the division is addressing other locations, whether in Chugach State Park or utility lines through other state parks. Even easements are not allowed, so as they come up the division is working through them, creating a list, and moving forward on those. While he doesn't know specifics, he said the division is

looking for legislative solutions for the ones the division has come across and he will provide a list to the committee.

10:48:31 AM

CHAIR TARR observed from DNR's website that there was a 12/7/18 determination for Kachemak Bay State Park and an intent to adopt a version of the management plan that, once adopted, will serve as the basis for management of park lands for the next 20 years. She asked whether all parks are on 20-year cycles. She offered her understanding that the writing of these plans is a multi-year process. She further related that the notice was 12/7/18 but comments on the intent to adopt a version of the plan will be accepted until 1/22/21. She requested Mr. Wedeking to help the committee understand the planning.

MR. WEDEKING responded that the gold standard for plans would be to last 10 years, but most likely they are going to last for 20 years given the lack of staff. For this one, he continued, the draft plan was issued in 2018 and then due to public comment the division put out another draft and an Intent to Adopt Plan, which is the one the division is working with now that has identified the disposal issue of the hatchery.

CHAIR TARR surmised the plan is adopted for 20 years and working on a new plan is a multi-year process.

MR. WEDEKING answered that that is correct and said it can take three years to do a comprehensive plan with public input.

10:50:53 AM

CHAIR TARR invited Ms. Kris Hess to provide comment.

10:51:09 AM

KRIS HESS, Deputy Director, Division of Mining, Land and Water (DMLW), Department of Natural Resources (DNR), stated that the DMLW assists the Division of Parks and Outdoor Recreation ("State Parks") in preparing management plans for state parks. She said they are a multi-year process to go through, obtain public comments, and then finalize a plan with that public involvement. The issue of disposal comes in because state parks are set aside from the public domain and must be managed for the purpose in which they were created. It is a recent involvement of the court cases, especially the 2020 Southeast Alaska Conservation Council case in which the Alaska Supreme Court

solidified the whole disposal issue. A state park must be managed for the purposes that the park was created; an interest cannot be conveyed to an outside party, such as an easement, lease, or interagency land management agreement (ILMA) like what was given at the hatchery.

[10:52:55 AM](#)

REPRESENTATIVE MCCABE asked when Kachemak Bay State Park was established.

MS. HESS replied that the park was originally created in 1970 and the ILMA was originally issued in 1979. The first court case was in 2000, so at the time there wasn't that guidance from court decisions regarding legislatively designated areas and the disposal concept.

REPRESENTATIVE MCCABE recited that the park was [established] in 1970, the hatchery was started in 1976 by ADF&G, a state entity, and the ILMA was in 1979. He asked whether ADF&G did any studies when it first built the hatchery.

MS. HESS responded that a lot of information was gathered at the time the hatchery was created in 1975 by ADF&G, which was after the park was created in 1970. The first court case was in 2000 and the subsequent cases were in 2013, 2014, she believed, and 2020. At the time the hatchery was constructed there was not the guidance that is now had from the courts. She deferred to Mr. Wedeking to speak to studies that were done with the hatchery's construction.

[10:56:06 AM](#)

REPRESENTATIVE KREISS-TOMKINS stated that it would be terrible if the Tutka Bay Lagoon Hatchery had to be shut down because of this land and legal development. He requested the agencies to get ahead of this so the legislature can have some foresight and be in a less reactive posture if there are analogous issues elsewhere, which there seems to be.

CHAIR TARR remarked that this problem will arise in situations where it is legislatively designated areas. She noted that the statute could be looked at to see the legislatively designated areas and then the agencies could get that information to the legislature. She asked whether the agencies anticipate identifying the problems by chronologically working through the various management plans.

MR. WEDEKING confirmed there is that way, and that there is as the agencies address them in the field. He said he will work with the group to address Representative Kreiss-Tomkins' request because he thinks it would be of benefit to the division as well as to the legislature.

10:58:23 AM

REPRESENTATIVE VANCE shared that when she originally saw that Tutka Bay Lagoon Hatchery in her community was being affected, her intent was to look at all hatcheries across the state because she thought it was a compatibility issue. However, she learned that it is not a compatibility issue but rather a land allocative issue. The statute for each state park designates the specific land points for that park, so it must be taken one park at a time. She thanked the divisions for working so diligently to bring this together in a short amount of time, and said she looks forward to doing whatever needs to be done on this land allocation issue in light of these lawsuits.

REPRESENTATIVE KREISS-TOMKINS concurred.

11:00:39 AM

CHAIR TARR observed that Section 1 of the bill deals with the additions to the park and Section 2 deals with the exception. She asked Mr. Almeida to provide a sectional analysis.

MR. ALMEIDA deferred to Mr. Wedeking to review the sections. He confirmed that Section 2 is the transfer of the 123 acres.

MR. WEDEKING stated that Section 1 provides the additions, which are highlighted in black and underlined. He said Section 2 removes Tutka Bay Lagoon and the land the hatchery sits on.

CHAIR TARR offered her understanding that the original bill was the compatibility issue, but that it is a land disposal issue so Version I, Section 1, brings those new parcels in and [Section 2] removes the Tutka Bay Lagoon Hatchery from the park.

REPRESENTATIVE MCCABE agreed with everything being talked about, but said it seems the state is trying to throw itself off land that it has already been on for 45 years. He offered his hope that this can be solved because the hatchery is important.

11:03:49 AM

CHAIR TARR removed her objection to adopting Version I as the working document.

[11:04:04 AM](#)

REPRESENTATIVE KREISS-TOMKINS objected to make a comment. He said he gets the sense the agencies are in harmony and the real issue is the separate branches of government - the Judicial Branch has created a new reality for the Executive Branch as well as the Legislative Branch. He then removed his objection. There being no further objection, Version I was before the committee.

[11:04:43 AM](#)

CHAIR TARR opened public testimony on HB 52.

[11:05:05 AM](#)

BRENT JOHNSON testified in support of HB 52. He noted that he is a past president of Cook Inlet Aquaculture Association (CIAA). He said he is a commercial fisherman above Ninilchik and doesn't catch fish related to the Tutka Bay Lagoon Hatchery. However, he continued, the hatchery is an integral part of CIAA. Each hatchery has its own benefits and risks and all hatcheries working together are needed for CIAA to survive. As an upper inlet fisherman, he looks to hatcheries like Tutka to provide resources like pike suppression projects, beaver dam projects, and water flow control structures in the upper inlet. Also, due to tough times there are fewer fish processors in the upper inlet, and those fish processors need salmon to survive. These hatcheries provide salmon that expand the processors' resources so they can survive so that commercial fishermen can survive for a big year when big fish processing capacity is needed.

MR. JOHNSON related that the CIAA's mission statement says it is to protect self-sustaining salmon stocks and their habitat, rehabilitate self-sustaining salmon stocks, rehabilitate salmon habitat, and maximize the value of Cook Inlet common property salmon resource by applying science and enhancement technology where appropriate, all of which he firmly stands by. Regarding the bill, he noted that the hatchery would still be under the jurisdiction of DNR and ADF&G, and the agencies would be monitoring what goes on at Tutka Bay. He said it is important that the Tutka Bay Lagoon Hatchery survives, and he appreciates Representative Vance writing the original bill.

11:07:35 AM

ROD VAN SAUN thanked Representative Vance for bringing forward HB 52 because the Tutka Bay Lagoon Hatchery needs to be kept running. He said he has been a commercial fisherman for several years and has also worked 25 years in the charter boat industry. He said he would like to be a voice for the people all over the state who benefit from the Tutka Bay Lagoon Hatchery as many don't even realize it. He has friends from Fairbanks, the [Matanuska-Susitna] Valley, and the Interior who benefit from the sport fisheries that CIAA provides when they go to Seward, Homer, or China Poot. He is excited about the pike eradication in Shell Lake and bringing back the sockeye return. If the Tutka hatchery were taken out of the mix and CIAA lost the funding from Tutka, the ability would be lost to provide those sport fisheries and everything else. He stressed the importance of passing HB 52.

11:10:02 AM

CRISTEN SAN ROMAN testified in opposition to HB 52. She stated she grew up fishing for wild salmon with her family and is presently a fish processor and filleter. Now, salmon are more than food, her livelihood is dependent on healthy fish stocks and the success of others in harvesting fish.

MS. SAN ROMAN offered her understanding that hatcheries were founded with the idea of bolstering wild salmon numbers, which she thought a good idea at the time. But, in researching the impacts of hatcheries, she has found that this salmon ranching has had unintended consequences. Young salmon are voracious eaters and when manufactured and released into the ecosystem by the millions the wild fish are forced to compete with them for food. Hatchery salmon are also known to stray and spawn with wild fish, degrading the bloodlines and productivity [of the wild fish]. If running this hatchery is continued, then clearly the focus has become solely for economic gain rather than helping wild fish stocks.

MS. SAN ROMAN maintained that greed is leading to genetically weak wild salmon that are unable to adapt to changes in the ocean environment or produce enough offspring to keep their populations up on their own. When the people of today become old timers, they may talk about the good old days when real wild salmon could be caught in the bay. Perhaps without this

hatchery, Tutka Bay and surrounding waters could also be richer in shellfish populations.

MS. SAN ROMAN said she is only 22 years old and has a lifetime ahead of her to see the consequences of the decisions made by legislators. She urged the committee to vote against HB 52 and to trust the science so that her children can grow up harvesting real wild seafood like she did as a child.

11:12:32 AM

CHRIS PERRY testified in support of HB 52. He said he has fished in Lower Cook Inlet for approximately 36 years. He recounted that in 1981 most of the 80 salmon seine permits in Lower Cook Inlet were fished, while 70 permits were fished in 1991. With the help of Tutka Bay Lagoon Hatchery, the hope is that at some point these permits will be fished again.

MR. PERRY stated that closure of the Tutka Bay Lagoon Hatchery will directly affect other sport and personal use fisheries in Lower Cook Inlet and all of Cook Inlet drainage, plus the China Poot dipnet sockeye fisheries will close. Sockeye for these projects are harvested, eggs are taken at the Tutka Bay Lagoon Hatchery, and the smolt are released at their respective lake systems. Thousands of fishermen will lose these opportunities. The cost recovery done at Tutka Bay on returning pink and sockeye salmon is an integral part of CIAA's economic operation, helping to support many of CIAA's projects throughout the Cook Inlet drainage. Projects that may be impacted by closure of the Tutka Bay Lagoon Hatchery include Trail Lakes Hatchery, Port Graham Hatchery, and Resurrection Bay and Resurrection Bear Lake sockeye and coho projects, which may include Resurrection Bay saltwater coho and sockeye enhancement projects.

MR. PERRY noted that the City of Seward contracts aquaculture to produce coho for its silver salmon derby. He said many of the Interior and Northern Cook Inlet stocking projects, as well as invasive species eradication projects, will be affected. With the impending closure of federal waters in Upper Cook Inlet and this loss of fish tax, aquaculture will have further challenges to financing these operations. He urged that a way be found to save the Tutka Bay Lagoon Hatchery. He pointed out that 83 percent of the permits originally issued are local. Responding to Representative Tarr, he agreed to provide statistics in writing to the committee.

11:15:09 AM

SUE CHRISTIANSEN testified in opposition to HB 52. She stated she has been a resident of Kachemak Bay for 42 years and is a member of the Kachemak Bay State Park Advisory Board, a past employee of ADF&G, and a past setnet fishing woman. She recounted that 51 years ago the legislature set aside Kachemak Bay State Park, which includes Tutka Bay Lagoon, to protect and preserve its unique and exceptional values.

MS. CHRISTIANSEN urged the committee to consider some of the economics that have not been mentioned. She said 90 percent of the return from the Tutka Bay Lagoon Hatchery goes to the aquaculture corporation because CIAA is in debt over \$16 million, an important factor the committee should investigate. Regarding sport fishing, she said other hatcheries are available that could easily provide smolt for China Poot dipnet fisheries. Regarding industrial scale fish farms, she stated that farmed fish compete with wild salmon and deplete other marine species, including Pacific cod, halibut, king and tanner crab, herring, clams, and mussels, and they replace wild salmon genomes.

MS. CHRISTIANSEN stated that Kachemak Bay was once considered the richest bay in the world, but industrial scale fish farming is not the way to restore it. She pointed out that there are virtually no wild salmon remaining on the East Coast, yet they were once as prolific on the East Coast as they are in Alaska. She urged the committee to consider that the Kachemak Bay National Estuarine Research Reserve is interested in having Tutka Lagoon become an educational research center.

11:18:18 AM

LEONARD FABICH testified in support of HB 52. He stated he has commercially fished and sport fished the waters of Kachemak Bay since 1987, and in 2013 he became a commercial salmon seiner in Lower Cook Inlet. He said he would like to keep the Tutka Bay Hatchery open. He said he differs with the Kachemak Bay State Park management plan decision that the Tutka Bay Lagoon Hatchery is incompatible with the state park.

MR. FABICH said one of the many benefits to the hatchery is that last season he fished the entire salmon season on the Tutka Bay Lagoon Hatchery returns. On even years when pink salmon do not generally return in big numbers on the outer coast the hatchery is a huge bright spot in the seine summer fishery, with the reds and pinks returning to the hatchery release sites by far the

target fish. The hatchery is a big part of his livelihood, so the argument that it largely only benefits [CIAA] is false.

MR. FABICH, in regard to intruding on the park, stated that commercial fishermen bring a great amount of pleasure to park visitors each summer. He said a favorite opportunity for visitors is observing fishermen in action and many tourists go home with photos of fishermen catching hatchery fish. It benefits the city with taxes collected. The spinoff from this hatchery affects thousands of people. One of the largest positive benefits is the China Poot dipnet fishery and snag fishery as well as the Tutka Bay sport fishery for reds and pinks, all funded by the hatchery costs recovery measures; this will go away if the Tutka Bay Lagoon Hatchery is closed. He said he is in favor of the land swap that will allow the hatchery to be on state grounds and continue operating.

[11:21:11 AM](#)

CHELSEA HAINSMAN, Executive Director, Cordova District Fishermen United (CDFU), testified that CDFU supports HB 52. She said the Tutka Bay Lagoon Hatchery has provided salmon for users in all user groups - subsistence, sport, personal use, and commercial. She noted that the 1991 memorandum of understanding (MOU) between State Parks, ADF&G, and CIAA states that Tutka Bay Lagoon Hatchery is compatible with purposes of Kachemak Bay State Park as set out in statute and the park management plan.

MS. HAINSMAN stated that historically this hatchery has been critically important to Alaska's culture and economy. Changes to this management plan will have detrimental impacts on the coastal communities and fisheries of Southcentral Alaska. This bill fixes legal land allocation issues associated with the recent management plan recommendation and will allow the Tutka Bay Lagoon Hatchery the ability to continue providing salmon for Alaskans.

[11:22:18 AM](#)

ALAN PARKS expressed his concerns related to HB 52 and the Tutka Bay Lagoon Hatchery. He said he is a commercial fisherman. He noted that the park plan was developed over a six-year time span under several administrations and the final draft isn't out. The hatchery has been very contentious throughout its history, he related, and it is important that the public get more understanding of what HB 52 proposes to do.

MR. PARKS stated that the difference between the FRED Division and CIAA management of the hatchery is vast - under state management the hatchery operated at 40 million eggs and every fish was fully utilized. He maintained that Cook Inlet Aquaculture Association is maximizing if not over-maximizing the lagoon, and the lagoon is a cesspool that has been totally mismanaged. As someone who works in the tourist business, he would not take someone in there because of the stink and the beaches being covered with dead fish. In 2015 at least 100,000 fish were on the beaches outside of the lagoon. Fish were spread out on the beaches throughout Tutka Bay and were floating in kelp rafts because they were not harvested. The point is that CIAA says it values the lease of Tutka Bay at almost \$500,000; Mr. [Rabung] says that they are contracted...

11:25:22 AM

ROBERT ARCHIBALD disclosed that he is on the Kachemak Bay State Park Citizen Advisory Board and the board of Friends of Kachemak Bay State Park. He said the Tutka Bay Lagoon Hatchery has been an issue for a while. One contentious issue that hasn't been discussed is carcass dumping in Tutka Bay. Another is the desire for the net pens to be removed from the lagoon because it is not sustainable to rear salmon in the lagoon in the numbers that [CIAA] wants to rear them. This means that [CIAA] wants to pull those net pens out into Tutka Bay, which is the state.

MR. ARCHIBALD said he can understand how this contentious issue has come up with the new lawsuits about disclosure and disposal. He urged the committee to postpone moving HB 52 so that citizens who use the park can better understand the ramifications. He stated that this is the first he's heard of the area out East End Road that would be in this land swap and he thinks there needs to be more discussion on this.

11:27:15 AM

REPRESENTATIVE KREISS-TOMKINS noted that Mr. Archibald is on the park's advisory board and asked whether he is correct in understanding that Mr. Archibald hadn't seen this land swap proposal until now.

REPRESENTATIVE VANCE explained that no one had seen the land swap, including herself, until last night and specifically the map was received this morning because the departments have been working on finding land available and it wasn't known how quickly that was going to move along. So, she continued, this

is recent to come before everyone. She said she intends to continue to have communications with the community on what that would look like but wanted to get this on the record and move forward with the issue of the land allocation at hand.

REPRESENTATIVE KREISS-TOMKINS said it seems there are some strong local passions about land use, and it doesn't fully serve the public in terms of public comment if they don't know what they are commenting on. If there is a land swap in their backyard and they don't know what parcels are being moved, it would seem important that the public be able to comment on that.

CHAIR TARR announced that the committee is unable to accommodate additional public testimony this morning beyond the next two witnesses. She said the bill would not be moved out of committee today and that there would be another hearing.

[11:30:01 AM](#)

PENELOPE HAAS, Kachemak Bay Conservation Society, testified in opposition to HB 52. She urged the committee to read the written comments submitted by her organization. She suggested that this change in course regarding the Tutka Bay Lagoon Hatchery is the result of multiple forces that include the court cases along with the public's growing understanding of the impacts of enhancement hatcheries on wild salmon populations and the species that salmon prey upon, such as crab, shrimp, herring, and cod, among others.

MS. HAAS noted that the statute guiding the management of Kachemak Bay State Park defines it as a scenic park, which means a relatively spacious area of outstanding natural significance where major values are in natural, geological, faunal, or floral characteristics. She stated that an enhancement hatchery which selectively enhances one population among all the species in interplay is a disruption to that natural balance.

MS. HAAS related that a long public process went into the decision by DNR to change course on the hatchery. Before DNR changed course with the management plan there was a denial of permits with dumping of carcasses into the bay with a concern of contamination of the bay and the loss of oxygen at the bottom of Tutka Bay. She stated that a large group of people in Kachemak Bay do not support HB 52 and passing the bill would be going against the public process that went into the removal of the hatchery from the state park.

[11:33:07 AM](#)

TIM ANDERSON stated he is a former fisheries and wildlife biologist, and his wife runs the Majestic View Bed and Breakfast in Homer. He said he operates as a charter captain taking out only the people who stay at Majestic View. He goes to Tutka Bay 30-60 days a year and along the way people see the salmon and wildlife and the fishermen catching salmon. His guests take pictures as they watch orcas, black bears, eagles, and harbor seals chasing and eating the salmon. Regardless of whether his guests catch a fish along the way, they enjoy watching more fish than they've ever seen in their life.

MR. ANDERSON addressed the "stink thing on the shoreline." He said some years there is such a surplus of salmon that there are more than can be used, and the stink goes away quickly and can only be smelled up close. As far as decimation of the bay, he suggested that a look be taken at sea otters because it's not all the little hungry salmon fry. He noted that Halibut Cove and all the cabins in the bay have not been gotten rid of. He urged that a way be found to work with it the way it is because it works great. He added that he agrees with Representative McCabe about over-thinking it and over-politicizing it, and said he supports the bill.

[11:35:42 AM](#)

CHAIR TARR announced that HB 52 is being held over and public testimony is being left open.

**PRESENTATION(S): Update on Commercial Fishing Industry in
Alaska & Impact of COVID-19 to the Industry**

[11:36:00 AM](#)

CHAIR TARR announced that the final order of business would be an update on the commercial fishing industry in Alaska and the impact of COVID-19 to the industry.

[11:36:15 AM](#)

The committee took a brief at-ease.

[11:36:29 AM](#)

FRANCES LEACH, Executive Director, United Fishermen of Alaska (UFA), provided a PowerPoint presentation titled "Update on

Commercial Fishing Industry in Alaska & Impact of COVID-19 to the Industry," dated 4/29/21. She stated she is a lifelong Alaskan who was raised working on her father's commercial fishing boat and her family is still in the commercial fishing business.

MS. LEACH showed the second slide, titled "Who is UFA?" She related that UFA was founded in 1974 by a group of commercial fishermen who wanted to have a unified voice on commercial fishing issues in Alaska. She said UFA promotes positive relations between user groups and gear types, works on the frontlines of legislation and initiatives at state and federal levels, works closely with the Alaska Seafood Marketing Institute, and works to ensure a stable supply of product to processors.

MS. LEACH displayed the third slide, titled "UFA Member Associations & Areas of Operations." She said UFA currently has 37 member groups representing nearly every state and federal fishery in Alaska, such as Bering Sea crabbers, gillnetters, divers, longliners, trollers, seiners, and hatcheries. Each member group has a seat on the UFA board of directors, lending a diversity of voices from across the state and gear groups. Additionally, UFA also has over 500 members that are represented by four at-large seats on the board.

[11:38:42 AM](#)

MS. LEACH moved to the fourth slide, titled "UFA Policy Work," and pointed out that UFA is engaged in nearly every level of government. She said that at the state level UFA works with the governor's office, legislature, Alaska Department of Fish and Game (ADF&G), Commercial Fisheries Entry Commission (CFEC), Alaska Seafood Marketing Institute (ASMI), Alaska Board of Fisheries (BOF), and the Alaska Department of Environmental Conservation (DEC). On the federal side UFA works closely with the Alaska Congressional Delegation, National Marine Fisheries Service (NMFS) and National Oceanic and Atmospheric Association (NOAA), North Pacific Fisheries Management Council (NPFMC), International Pacific Halibut Council (IPHC), US Department of Agriculture (USDA), and the US Department of Environmental Conservation.

MS. LEACH discussed the fifth slide, titled "Sustainability & Management." She specified that the subject of sustainability and management is of much importance to UFA. She related that her father, a commercial fisherman in Alaska for 58 years, has

always said that it's his job as a commercial fisherman to catch every fish he can, but then adds that it is ADF&G's job to make sure he doesn't do that. Commercial fishermen recognize that without sustainability and management the fisheries resources will not last. Thankfully the state recognized the importance and wrote a sustainability mandate into Alaska's constitution in 1959. Alaska has arguably the best managed fisheries in the world thanks to state and federal agencies that take a science-based and cautious approach which includes shutdowns when returns are low. Closures of fisheries may also happen when stock surveys are not funded, which is why UFA supports full funding of ADF&G's Division of Commercial Fisheries.

11:40:33 AM

MS. LEACH spoke to the sixth slide, titled "Value of Alaska's Seafood." She stated that the industry is diverse with both harvesters and processors ranging from corporations to small family businesses and sole proprietors. Over 80 seafood species are harvested in Alaska, caught by over 6,500 boats, and processed at 120 shoreside plants. The industry employs more workers than any other private sector in the state, creating over 60,000 direct jobs in Alaska. Seafood is Alaska's top export, approximately 5.7 billion pounds of seafood, worth \$2 billion, was harvested in 2017/2018. Processors turned this harvest into 2.8 billion pounds of product worth \$4.7 billion. Nationally, the Alaska seafood industry creates over 100,000 full-time jobs, \$5.6 billion in annual labor income, and \$13.9 billion in economic output.

MS. LEACH turned to the seventh slide, titled "Alaska Commercial Fisheries Pays Its Way." She pointed out that seafood pays approximately \$172 million in taxes, fees, and self-assessment to fund fisheries management. This \$172 million is more than four times the state general fund revenue used by the Division of Commercial Fisheries. The industry also contributes to local government via its landing tax, which is designated to communities to which fish are delivered.

MS. LEACH noted that the eighth slide, titled "Ex-Vessel Volume & Value," is provided by ASMI. She explained "ex-vessel value" is the number of pounds the fisherman caught and how much money the fisherman made on that catch. As seen on the slide, Alaska pollock reigns supreme when it comes to gross poundage, yet salmon, while only 14 percent of the overall seafood catch in Alaska, brings in over a third of the overall profits. Halibut, sablefish, and crab make up only 2 percent of the overall catch

in Alaska but come in second for profit; this is because these products are very valuable, and a high price is paid for them.

11:43:30 AM

MS. LEACH showed the ninth slide, titled "Fishing in Alaska- A way of life for Generations," and remarked that with all this big money coming in from the seafood industry it is easy to forget that the commercial fishermen are small business owners, and most of them are family businesses. She said she is related to everyone depicted on the slide: her 78-year-old father is on the bottom right corner, her brother is on the bottom left and his son is on the top right, and Representative Stutes" staff person is standing with her father on the top left. Independent fishermen equal small business equal investment, she added.

MS. LEACH turned to the tenth slide and said the commercial fishing industry helps lower the cost of living in Alaska. She explained that shipping seafood on southbound routes provides a backhaul revenue for shippers, allowing for more competitive rates on northbound freight. Alaska's seafood industry ships approximately 1 billion pounds of finished product south each year, equivalent to 23,000 containers.

11:44:41 AM

MS. LEACH moved to the eleventh slide and pointed out that the commercial fishing industry was not exempt from the impacts of the [COVID-19] pandemic, and it took a lot to prepare for the seasons and survive them.

MS. LEACH displayed the twelfth slide, titled "Coming Together," and related that when Alaska was coming to grips with the pandemic in March and April 2020, the seafood industry was thrown into a whirlwind of chaos. Fishermen didn't know if they were going to be able to fish and some communities were saying they didn't want processors or fishermen to come through their towns. The industry was unsure whether it would be able to ship products, whether there would be ADF&G staff to manage fisheries, and how to keep the virus off boats and out of closely packed processing facilities. Fishermen quickly learned that if they wanted to have a safe and productive season they would have to work together and work with the state, communities, health professionals, processors, ADF&G, and many others. Networks were quickly created, and positive working relationships were formed, which will continue to thrive.

11:46:01 AM

MS. LEACH discussed the thirteenth slide, titled "We are Critical Infrastructure." A first step that had to be taken, she noted, was getting recognized as critical infrastructure. In March 2020 when everything was in lockdown, fishermen were preparing to execute their biggest fishery, the salmon season, and longliners were out on the water afraid that they were going to be told to shut down. Thankfully, as food providers, commercial fishermen were included as critical infrastructure and were able to keep fishing.

MS. LEACH turned to the fourteenth slide, titled "Health Mandate 17," and specified that after being listed as critical infrastructure the work began to ensure safety of communities, fishermen, and processor workers. She said many communities were concerned the salmon season would bring in COVID-19, overflowing their health clinics. Harvesters and processors worked with the state agencies and the administration to come up with Health Mandate 17. Specific to independent commercial fishermen, this mandate outlined procedures fishermen had to follow to keep their crews and communities safe. Mandate 17 also came with an acknowledgement form that had to be signed and carried on the vessel. Fishermen were not allowed to unload their catch until they provided a signed copy of this form that said they had read the mandate and were going to comply with it. This mandate helped guide commercial fishermen through what they needed to comply with and to keep themselves, their crews, and communities safe, and it worked.

MS. LEACH showed the fifteenth slide, titled "Governor Applauds Commercial Fishing Industry." She said that in September [2020] Governor Dunleavy wrote an op-ed to the "Anchorage Daily News" commending the commercial fishing industry for successfully navigating the most difficult season Alaska has ever experienced while working tirelessly to protect coastal communities, jobs, and the health of Alaska's people and economy.

11:48:10 AM

MS. LEACH thanked ASMI and McKinley Research Group for providing the data for the next [five] slides. She drew attention to the sixteenth slide, titled "COVID Disruptions to Alaska Seafood Harvesters, Processors, and Coastal Communities." She said the industry may have done a good job keeping the actual virus at a minimum, but it impacted fishermen, processors, and coastal communities in other ways and is continuing to impact the

industry today. The widespread closure of restaurants hit the industry's markets hard and shipping interruptions made it more difficult and more expensive to get Alaska seafood to market. There is also the added cost of ensuring the safety of workers and communities.

MS. LEACH reviewed the seventeenth slide, titled "Fishery Specifics." She noted that halibut and sablefish were among the most affected fisheries because they target high value species that rely on the food service market. These seasons got underway just as the pandemic was hitting the US, so halibut landings started the year low but caught up by the end of the year. Sablefish did not catch up and the fishery ended up with only 72 percent of the total allowable catch harvested. Poor salmon runs in most parts of the state defined the salmon fishery in 2020. Even with harvests exceeding forecasts in Bristol Bay, 2020 was the eighth worst commercial fishing salmon harvest by volume since 1976, with particularly poor runs in Chignik, Southeast, and the Arctic-Yukon-Kuskokwim region. In addition, a surplus of farmed salmon that usually goes to the food service sector put downward pressure on salmon prices in retail. Strong retail for Alaska pollock kept prices up for Alaska pollock. Early in 2021 COVID-19 outbreaks at processing facilities in the Bering Sea and Aleutian Island regions complicated the harvest, landing, and processing of pollock and other whitefish.

[11:50:14 AM](#)

MS. LEACH moved to the eighteenth slide, titled "The Cost to Harvesters," and related that the pandemic contributed to widespread harvest value declines in 2020, with preliminary estimated drop in ex-vessel value of 20-25 percent. The Department of Revenue (DOR) forecast estimates that fisheries business and resource landing tax revenue for 2021 will total \$47.8 million, a 19 percent decrease from \$58 million collected in 2020. Commercial fishermen also incurred additional cost to comply with Mandate 17, which cut into their profits. Additionally, crew license numbers were down for both out-of-state and in-state crew licenses, with resident crew member licenses taking a 13 percent decline.

MS. LEACH spoke to the nineteenth slide, titled "COVID-19 costs totaled more than \$50 million for Alaska's seafood processors." She said Alaska seafood processors took a major hit. Processing jobs were down as processors struggled to fill positions safely and reconfigure operating plans to increase social distancing.

Most noticeably, salmon processing jobs were down 13 percent compared with 2019.

MS. LEACH addressed the twentieth slide, titled "Impacts to Coastal Communities will continue to be seen into 2021." She reported that many of Alaska's coastal communities that rely heavily on tax revenues related to the seafood industry were hurt. Some communities were impacted quickly by tax and fee revenue losses, but many will not see the total effects until 2021 after shared fisheries taxes are calculated based on ex-vessel value of the previous year's landing.

11:52:00 AM

MS. LEACH displayed the twenty-first slide, titled "Financial Assistance." She related that there has been some financial help to assist the industry through this year. The first funds to become available to commercial fishermen were from the Paycheck Protection Program (PPP), which was not as beneficial to fishermen as other businesses. As self-employed business owners who issue 1099s to crew, many were not eligible for PPP loans. She said the first round of the business grant portion of the Coronavirus Aid, Relief, and Economic Security (CARES) Act helped commercial fishermen, but it took months for most fishermen to become eligible in the first place because they held CFEC permits, not business licenses which were required for the loan. It took a long time to get the state to recognize CFEC permits as a form of a business license. Additionally, many fishermen were out on the water and didn't get a chance to apply before the money ran out - that was the most common thing heard from fishermen about the CARES money. The state also has \$50 million in CARES money designated to fisheries in Alaska, but this money is being split amongst commercial harvesters, sport fishing charter operators, seafood processors, subsistence users, and aquaculture sectors, so the amount will not be very impactful. She reported that one of the best forms of financial help had nothing to do with COVID-19 and came from the USDA Tariff Relief Program for food producers that were impacted by the Chinese tariffs in 2019. She noted that some local communities made aid available to fishing families in the form of harbor fee reductions, cash cards, or other programs, but these were not consistent across the state. Some fishermen, especially those who reside in one Alaska community but port their vessels in another, were altogether left out of these programs. She said there is hope for the \$1.36 billion allotted to Alaska from The American Rescue Plan Act of 2021 to be allocated to the industry and ASMI, given ASFMI took a hard hit

this year. Because ASMI is funded by voluntary assessments set by the Alaska seafood industry, the decrease in revenue for harvesters created a devastating impact on ASMI, reducing its revenue by 25 percent in 2020. Since 2018, ASMI has received no general fund support and relies entirely on industry assessment and federal grant funding and, to date, ASMI has received no COVID-19 relief funding.

[11:54:42 AM](#)

MS. LEACH turned to the twenty-second slide and remarked that with the glimmer of hope that the end of the pandemic is in sight, it would be easy to get back to normal. However, she said, the seafood industry still carries a lot of responsibility that it takes very seriously. With no emergency orders in place the industry is still advocating for safe COVID-19 practices, including vaccination, quarantining, and common sense. Health Advisory No. 4 is still in place for critical infrastructure and the industry will continue to promote adherence to the health advisory and each community's emergency orders.

MS. LEACH concluded her presentation with the twenty-third slide, titled "Thank you." She stated she looks forward to continued dialogue with the committee.

[11:55:49 AM](#)

REPRESENTATIVE MCCABE complimented Ms. Leach on her presentation. He asked whether UFA considers itself a lobbying organization or employs an outside lobbyist.

MS. LEACH replied, "You're looking at the lobbyist." She said she is a registered lobbyist but is also the executive director of UFA and she only lobbies for UFA.

REPRESENTATIVE MCCABE inquired about the number of UFA members that are based outside of Alaska, many in Seattle. He further inquired whether UFA is working to convince them to move their corporations to Alaska so they will be true Alaska fishermen instead of Seattle fishermen.

MS. LEACH responded that UFA has member groups and member groups are fishing gear groups. She allowed UFA does have a few that are based in Seattle but said they all fish in Alaska. She explained that processors like Trident are business members and so they are just supporting members of UFA and do not have a voice on UFA's board of directors.

11:57:24 AM

REPRESENTATIVE STUTES, regarding the funds like PPP available to fishermen, related that she just learned processors put between \$50 million and \$70 million into COVID-19 policies and procedures because processors with less than 500 employees were not eligible for any of those dollars. Many small processors in Alaska contributed and those that did contribute received only about 20 cents on the dollar in money back from the state, so they put out quite a bit to keep communities safe. She complimented Ms. Leach for the presentation.

REPRESENTATIVE VANCE thanked Ms. Leach and UFA's board members for working so quickly to prepare for the season. She noted that before the mandate came forward, UFA was already working with the administration, the health department, and communities to try to find a workable solution. That needs to be recognized because UFA went out of its way to make sure that the health of Alaskans was at the forefront and providing an opportunity to still fish rather than waiting until something happened and reacting. It is a model that other industries could look to. She recognized that through the health mandate fishermen went out of their way to assure they were not spreading COVID-19.

CHAIR TARR offered her appreciation for the financial assistance update. She noted that the legislature is still working on the budget process for what is going to happen with the American Rescue Plan funds.

12:01:37 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 12:01 p.m.